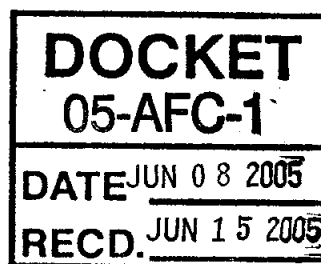


June 8, 2005



1801 J Street
Sacramento, CA 95814
(916) 444-6666
Fax: (916) 444-8373

Dr. James Reede
Energy Facility Siting Project Manager
California Energy Commission
1516 - 9th Street
Sacramento, CA 95814

Re: Pastoria Energy Facility Expansion Project
Docket # 05-AFC-01

Dear Dr. Reede:

Enclosed please find a copy of a letter from the US Environmental Protection Agency to Andrew Whittome, Project Manager for the Pastoria Energy Facility Expansion project. The letter indicates that EPA has found PEF's application for a Prevention of a Significant Deterioration (PSD) permit to be administratively complete.

The letter is being provided for your information at this time. Once the project is accepted as data adequate by the CEC, we will formally enter the letter into the project docket.

If you have any questions regarding this letter or any other air quality issues related to the project, please do not hesitate to call.

Sincerely,

A handwritten signature in cursive script that reads "Nancy Matthews". The ink is dark and the signature is fluid.

Nancy Matthews

cc: Will Walters, Aspen Environmental
Keith Golden, CEC
Andrew Whittome, Calpine
Rick Tetzloff, Calpine
Gregg Wheatland, Ellison, Schneider & Harris
Jennifer Scholl, URS



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION IX

75 Hawthorne Street
San Francisco, CA 94105-3901

June 6, 2005

Mr. Andrew Whittome
Project Manager
Calpine, Dublin Office
4160 Dublin Blvd, Suite 150
Dublin, CA 94568-3139

Dear Mr. Whittome:

I am writing in response to your Prevention of Significant Deterioration ("PSD") permit application for the proposed Pastoria Energy Facility Expansion ("PEFE") project, dated May 2, 2005, and received by Region 9 on May 5, 2005. The application is for the construction and operation of a 160 megawatt simple cycle combustion turbine generator, to supplement the existing 750 MW base load facility. After review of the above application and supporting information, EPA has determined that it is administratively complete.

Based on the information in your application, Table 1 summarizes project potential to emit, PSD significant thresholds, and whether PSD review would apply to individual criteria pollutants. Kern County air quality is classified federal attainment for NO₂, CO, and SO_x,

Table 1 – Total PEFE Potential to Emit, and PSD Significance Levels

| Pollutant | Existing PTE (tons/yr) | Expansion Project PTE (tons/yr) | PSD Significance Levels (tons/yr) | Attainment Pollutant? | Subject to PSD Review? |
|--------------------|---------------------------|---------------------------------------|---|--------------------------|------------------------------|
| NO ₂ | 172.9 | 82.1 | 40 | Yes | Yes |
| CO | 610.5 | 235.7 | 100 | Yes | Yes |
| PM ₁₀ | 118.2 | 39.4 | 15 | No | No |
| SO _x | 42.4 | 15.3 | 40 | Yes | No |
| VOC/O ₃ | 113.8 | 21.6 | 40 | No | No |

and federal nonattainment for ozone and PM₁₀. PSD review is required for any attainment pollutant emitted above the applicable PSD significance level. Therefore, PSD review is triggered for NO₂, and CO.

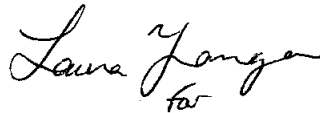
Finally, this notification does not imply that the EPA agrees with any analyses, conclusions or positions contained the application. Also, if you should request a suspension in the processing of the application, or submit new information indicating a significant change in

the project design, ambient impact or emissions, this determination may be revised. When our review is completed and a draft permit developed, we will publish a public notice of our intent to issue the permit. The comment period specified in the notice shall be at least 30 days.

Please be advised that anyone making a FOIA request may have full access to the application materials and other information you provide to us in connection with this permit action. You are reminded of your rights to claim business confidentiality under 40 CFR 2, Subpart B for any part of or all of the information you provide us. If you do not make a claim of confidentiality for any of this material within 15 days of the date you receive this letter you will have waived your right to do so. Please note that the facility name and address may not be claimed as confidential. If you wish to claim confidentiality, you must substantiate your claim. Your substantiation must address the points enumerated in the attachment to this letter, in accordance with 40 CFR 2.204(e).

Should you have any questions concerning the review of your application, please contact Manny Aquitania at (415) 972-3977.

Sincerely,

A handwritten signature in cursive script that reads "Laura Yanger". Below the signature, the word "for" is written in a smaller, simpler script.

Gerardo C. Rios
Chief, Permits Office

cc: Michael Argentine, Calpine
Barbara McBride, Calpine
Nancy Matthews, Sierra Research
Thomas Goff, SJVUAPCD

ATTACHMENT

INSTRUCTIONS FOR CLAIMING CONFIDENTIALITY

A. Pursuant to 40 CFR 2.204(e), your claim must address these points:

- i. The portions of the information alleged to be entitled to confidential treatment;
- ii. The period of time for which confidential treatment is desired by the business (e.g., until the occurrence of a specific event, or permanently);
- iii. The purpose for which the information was furnished to EPA and the appropriate date of submission, if known;
- iv. Whether a business confidentiality claim accompanied the information when it was received by EPA;
- v. Measures taken by you to guard against the undesired disclosure of the information to others;
- vi. The extent to which the information has been disclosed to others and the precautions taken in connection therewith;
- vii. Pertinent confidentiality determinations, if any, by EPA or other Federal agencies, and a copy of any such determination or reference to it, if available;
- viii. Whether you assert that disclosure of this information would be likely to result in substantial harmful effects on your business's competitive position, and if so, what those harmful effects would be, why they should be viewed as substantial; and an explanation of the casual relationship between disclosure and such harmful effect, and
- ix. Whether you assert that the information is voluntarily submitted information and if so, whether any disclosure of the information would tend to lessen the availability to EPA of similar information in the future. "Voluntarily submitted information" is defined in 40 CFR Section 2.201(i) as business information in EPA's possession.
 - a) The submission of which EPA has no statutory or contractual authority to require; and
 - b) The submission of which was not prescribed by statute or regulation as a condition of obtaining some benefit (or avoiding some disadvantage)

under a regulatory program of general applicability, including such regulatory programs as permit, licensing, registration, or certification programs, but excluding programs concerned solely or primarily with the award or administration by EPA of contracts or grants.

- B. We will disclose information covered by your claim only to the extent provided for in 40 CFR Part 2, Subpart B Confidentiality of Business Information. Please address your claim and substantiation of confidentiality to the staff person mentioned in the letter at EPA Region 9 (AIR-3), 75 Hawthorne Street, San Francisco, CA 94105.